REMARKS

Summary of the Office Action

In the Office Action, claims 1, 3-5, and 7-8 are pending.

Claims 5, 7 and 8 are rejected under 35 U.S.C. § 101.

Claims 1, 3-5 and 7-8 are rejected under 35 U.S.C. § 103(a).

Claims 1 and 5 are rejected under 35 U.S.C. § 112, first paragraph.

Applicants' Response

In this Amendment and Response, Applicants address the Examiner's rejections. Applicants' silence with regard to the Examiner's rejections of the dependent claims is based on Applicants' contention that the rejections are moot based on Applicants' Remarks relative to the independent claim from which the dependent claims depend. Claims 1, 5, 7 and 8 have been amended to clarify the claimed subject matter. Support for these amendments can be found throughout the Specification. (*See, e.g.*, Paragraphs [0017] and [0029] and Figures 1-3). Therefore, no new matter has been added. Upon entry of the Amendment, claims 1, 3-5, and 7-8 are pending. Applicants respectfully traverse all rejections of record.

Claim Rejections – 35 U.S.C. § 101

Claims 5, 7 and 8 are rejected under 35 U.S.C. § 101 as allegedly directed to non-statutory subject matter. Applicants have amended claims 5, 7 and 8 to more clearly reflect the claimed subject matter and to overcome this rejection.

Claim Rejections – 35 U.S.C. § 112, first paragraph

Claims 1 and 5 are rejected under 35 U.S.C. § 112, first paragraph as allegedly failing to meet the written description requirement. Specifically, the Examiner cites paragraph [0004] of the Specification and alleges that "...applicant's specification only teaches 'charges are

automatically deducted on a periodic basis as agreed upon by the cardholder and issuing financial institution,'...and does not require the deduction cycle be determined by a user." (Office Action, page 3, Examiner's emphasis). As an initial matter, Applicants respectfully note that while the cited portion of the Specification does not *require* that the deduction cycle be determined by a user, it does allow for such an embodiment and would *enable* one of ordinary skill in the art to use the claimed features. Applicants also respectfully note that support for the claimed feature can also be found elsewhere throughout the application. (*See, e.g.,* Paragraph [0029] "The deduction cycles are predetermined by the issuing bank *in conjunction with the cardholder...* " and Figure 4, element 430). Therefore, Applicants respectfully submit that the claims comply with the written description requirement.

Claim Rejections – 35 U.S.C. § 103(a)

Claims 1, 3-5, and 7-8 are rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over U.S. Patent No. 6,786,400 to Bucci in view of U.S. Patent Publication No. 2004/0122769 to Bailo et al. ("Bailo"), further in view of "Official Notice" and further in view of U.S. Patent Publication No. 2003/0041018 to DeSane ("DeSane").

To reject claims in an application under §103, an examiner must establish a *prima facie* case of obviousness. Using the Supreme Court's guidelines enunciated in *Graham v. John Deere*, 383 U.S. 1, 17 (1966), one determines "obviousness" as follows:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

In *KSR Int'l Co. v. Teleflex Inc.*, No. 04-1350 (U.S. April 30, 2007), the Supreme Court reaffirmed the *Graham* test, and indicated that although it should not be rigidly applied, a useful test for determining obviousness is to consider whether there is a teaching, suggestion or motivation in the prior art that would lead one of ordinary skill in the art to combine known elements of the prior art to arrive at the claimed invention. Importantly, the Court emphasized that a patent examiner's analysis under § 103 should be made explicit in order to facilitate review.

Thus, to establish a *prima facie* case of obviousness, the Examiner has an obligation to construe the scope of the prior art, identify the differences between the claims and the prior art, and determine the level of skill in the pertinent art at the time of the invention. The Examiner must then provide: (1) an explicit, cogent reason based on the foregoing why it would be obvious to modify the prior art to arrive at the claimed invention; (2) a reasonable expectation of success; and (3) a teaching or suggestion of all claimed features. See M.P.E.P. §§ 706.02(j) and 2143.

Claim 1 is directed to a financial transaction payment system. Among other things, claim 1 features a consumer depository account maintained by a first financial institution holding funds on behalf of said consumer, a credit payment card for conducting two or more transactions and incurring charges associated with each such transaction, said card being issued to said consumer by a second financial institution, said card further being linked to said depository account maintained at said first institution for covering said charges, and a credit card balance reflecting a spending limit associated with said credit card, wherein at least a portion of said charges accumulated using said credit payment card during a are deducted automatically from said depository account on a periodic cycle corresponding to a user-determined deduction cycle and applied to said credit card balance.

No Motivation to Combine

As an initial matter, Bucci is directed to a system and method that offers a consumer the option to conduct transactions using either a credit line or funds in a depository account. (*See* Bucci, Abstract). In contrast, Bailo describes a system for facilitating payments based on whether the user has used a specific account before. (*See* Bailo, Abstract). DeSane describes a method for restructuring the debt of a debtor who has an interest in a distressed property. (*See* DeSane, Abstract). The three cited references are concerned with solving different problems, and there would be no reason or likelihood of success for one of ordinary skill to combine the teachings of Bucci with the teachings of either Bailo or DeSane. The Examiner has not established a prima facie case of obviousness for at least these reasons.

Independent Claims 1 and 5

Assuming, *arguendo*, that there was a motivation to combine Bucci, Bailo, DeSane, and "Official Notice," there would be no reasonable expectation of success and the combination would fail to disclose or suggest all elements of independent claim 1.

As noted in a previous response, Bucci describes a system that allows consumers to use a single card to conduct transactions using either a credit line or funds in a deposit account. (*See* Bucci, Abstract, col. 2, lines 1-11). The cited portions of Bucci describe a system in which the consumer can "conduct at least one transaction at a point-of-sale using money withdrawn from an account associated with the first financial institution or a second financial institution, if the consumer selects a debit option at a point-of-sale terminal, and to conduct at least one other transaction at a point-of-sale using a line of credit issued by the first financial institution or the

second financial institution, if the consumer selects a credit option at the point-of-sale terminal..." (Bucci, col. 2, lines 6-14).

While Bucci does describe a single card associated with multiple financial institutions, it fails to disclose or suggest a credit payment card issued to a consumer by a financial institution for conducting transactions and incurring charges associated with each such transaction, wherein the card is linked to said depository account maintained at a *different institution for covering said charges* and wherein at least *a portion of said charges accumulated using said credit payment card during a user-determined deduction cycle are deducted automatically from the depository account maintained at the non-credit card issuing institution* periodically, as featured in claim 1. Indeed, as the Examiner acknowledges, "Bucci...fails to explicitly disclose the depository account is used for covering said charges associated with the transaction conducted by the credit payment card." (Office Action, page 3).

The Examiner alleges that the method described in Bailo teaches this feature of claim 1. Applicants respectfully disagree. The Examiner cites paragraph [0027] as teaching deducting funds from a depository account to cover charges associated with a transaction conducted by a credit payment card. In an exemplary passage, Bailo merely describes:

> "[t]he party or device may determine if the account holder has used the checking account to make a payment towards the credit card account's balance within the previous six months. If the answer is "yes", the party or device may then allow the account holder to schedule a new payment from the checking account to the credit card account. In some embodiments, the party or device may then facilitate or conduct the actual payment transaction or provide information regarding the scheduled payment to another party or entity that may facilitate or conduct the actual payment transaction." (Bailo, paragraph [0027])

While Bailo does describe using a checking account to make a payment in a general sense, it fails to disclose or suggest using doing so automatically and periodically or doing so in the

context of a single card linked to multiple accounts maintained at distinct institutions, as featured in claim 1. Instead, Bailo describes the case where individual payments may be scheduled based on specific criteria and *teaches away* from automatically deducting from a depository account on a periodic cycle corresponding to a user-determined deduction cycle as featured in claim 1.

The Examiner also cites DeSane as allegedly teaching automatically deducting charges accumulated using a credit card from a depository account on a periodic cycle and takes Official Notice "that it was old and well known in the art to have deduct/payment cycle determined by a user and to apply charges to credit card balance." (Office Action, page 4). Again, Applicants respectfully disagree. The Examiner cites paragraph [0027] of Desane as allegedly teaching automatically deducting charges accumulated using a credit card from a depository account on a periodic cycle, as featured in claim 1. Like Bailo, DeSane describes using a checking account to pay monthly expenses such as a credit card bill. Specifically, DeSane describes, "...the two parties would meet and discuss the debtor's monthly expenses...and according to the terms of the agreement, arrange for these monthly debts to be paid by direct withdrawal from the debtor's checking account." (DeSane, paragraph [0027]). DeSane, however, does not disclose or suggest automatically deducting charges accumulated during a payment cycle as featured in claim 1, but instead, is directed to an installment plan for recovering a debtor's previously accumulated debt.

Finally, the Examiner takes "Official Notice" that it was well known in the art to have a payment cycle payment cycle determined by a user. Applicants respectfully traverse this official notice. Many cards have predetermined payment cycles set by the issuer/card company and do not allow the user to determine the payment cycle, as featured in the present claims. Indeed, one of the unique features of the present invention is the ability of users to determine this cycle. *See*,e.g., specification paragraph [0004] ("The financial transaction card of the present invention

offers a new way for the financial institutions to offer a charge card to consumers…The charges that are compiled on this financial transaction card by the consumer would be automatically deducted from the consumer's depository account using the Automated Clearing House (ACH) network. ACH deductions would be made from the consumer's depository account on a periodic basis (for example, on a weekly basis) as agreed upon by the cardholder and issuing financial institution at the time of acquisition." Applicants respectfully suggest that the Examiner's official notice is based on improper hindsight reasoning in view of the disclosure of the problem set forth in applicant's disclosure. *See* M.P.E.P. § 2141.02 ("A patentable invention may lie in the discovery of the source of a problem even though the remedy may be obvious once the source of the problem is identified").

For at least these reasons, Applicants respectfully submit that claim is non-obvious and patentable over Bucci in view of Bailo, DeSane and "Official Notice." Amended independent claim 5 contains similar features to those recited in independent claim 1 and should be allowed for at least these same reasons.

Claims 3-4 and 7-8

Claims 3-4 and 7-8 depend from independent claims 1 and 5, respectively. As such, Applicants respectfully submit that these claims are also allowable for at least the same reasons given above with respect to independent claims 1 and 5..

Based on the foregoing amendments and remarks, Applicants respectfully submit that the pending claims are in condition for allowance and that the Examiner's rejection of claims 5, 7 and 8 under 35 U.S.C. § 101, claims 1 and 5 under 35 U.S.C. § 112, first paragraph and of claims 1, 3-5, and 7-8 under 35 U.S.C. § 103 should be withdrawn.

CONCLUSION

On the basis of the foregoing amendments and remarks, Applicants respectfully submit that the pending claims of the present application are allowable over the prior art of record. Applicants thus respectfully request that the pending claims be allowed by the Examiner. Favorable consideration and timely allowance of this application are respectfully requested. In the event that the application is not deemed in condition for allowance, the Examiner is invited to contact the undersigned in an effort to advance the prosecution of this application.

Respectfully submitted,

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